

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 INT-08 DRC-01 /132 W
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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7136

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E.O. 11652: N/A

TAGS: EIND, ETRD, JA

SUBJECT: JAPAN CY 1974 FERROUS SCRAP REQUIREMENTS

REF: STATE 183681

SUMMARY: CY 1974 CRUDE STEEL PRODUCTION FORECAST:

FIRST QUARTER 33.9 MILLION ST

SECOND QUARTER 34 MILLION ST

THIRD QUARTER 35 MILLION ST

FOURTH QUARTER 36 MILLION ST

TOTAL: 138.9

ESTIMATED IMPORTED FERROUS SCRAP REQUIREMENTS: FROM U.S. -4.7
MILLION ST; FROM OTHER SOURCES -800 THOUSAND ST. SCRAP
IMPORTS EXPECTED TO BE EVENLY SPREAD OUT OVER CY 1974.
STATEMENTS BELOW CORRESPOND TO PARAGRAPH AND SUB-PARAGRAPH
NUMBERS AND LETTERS OF REFTEL. END SUMMARY.

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1. PARAGRAPH 1 (A) REFTEL: CY 1974 CRUDE STEEL PRODUCTION
FORECAST IS 126 MILLION METRIC TONS (138.9 ST).

2. THIS ESTIMATE APPEARED IN "TEKKO SHIMBUN", SEPTEMBER 12, 1973, AND IS ALLEGEDLY FROM THE ANNUAL REPORT WHICH JAPAN IRON AND STEEL FEDERATION (JISF) WILL SUBMIT AT 7TH GENERAL MEETING OF THE INTERNATIONAL IRON AND STEEL INSTITUTE (IISI), OCTOBER 8-10, 1973, AT JOHANNESBURG, SOUTH AFRICA. JISF REFUSES TO CONFIRM ABOVE FIGURE OFFICIALLY BEFORE PRESENTATION OF REPORT TO IISI. HOWEVER, EMBASSY WORKING LEVEL CONTACT STATED THAT FINAL FIGURE USED IN REPORT WILL NOT BE SIGNIFICANTLY DIFFERENT FROM ABOVE. JISF REPORT WILL NOT CONTAIN QUARTERLY PRODUCTION ESTIMATES OR ESTIMATES OF RAW MATERIAL REQUIREMENTS. ACCORDING TO TEKKO SHIMBUN JISF REPORT ESTIMATES CRUDE STEEL PRODUCTION COULD REACH 128 MILLION MT (141 MILLION ST) IF DEMAND EXCEEDS PRESENT ESTIMATES.

3. ACCORDING TO SEVERAL PRESS REPORTS, MITI ESTIMATES CY 1974 FIRST QUARTER (I.E. JAPAN FY 1973 FOURTH QUARTER) CRUDE STEEL PRODUCTION AT 30.8 MILLION MT (33.9 MILLION ST). NO FORECASTS AVAILABLE FROM JAPANESE SOURCES ON QUARTERLY CRUDE STEEL PRODUCTION DURING REMAINING THREE QUARTERS CY 1974.

4. EMBASSY ESTIMATES FOR CRUDE STEEL PRODUCTION FINAL THREE QUARTERS CY 1974:

SECOND QUARTER 34 MILLION ST
THIRD QUARTER 35 MILLION ST
FOURTH QUARTER 36 MILLION ST

5. NO NEW BLAST FURNACES ARE SCHEDULED FOR COMPLETION IN CY 1974. (CY 1973 HAS SEEN THREE LARGE NEW FURNACES BROUGHT INTO PRODUCTION WITH AN ADDITIONAL 4,600 CUBIC METER FURNACE SCHEDULED TO START IN NOVEMBER.) EMBASSY BELIEVES QUARTERLY PRODUCTION WILL INCREASE GRADUALLY AND THAT EFFECT OF GOJ TIGHT MONEY POLICIES WILL DISCOURAGE RAPID GROWTH IN DEMAND FOR STEEL.

6. DEPUTY DIRECTOR GENERAL OF STEEL SCRAP COORDINATING COMMITTEE (SSCC) FORMED BY JAPAN'S EIGHT LARGEST STEEL MANUFACTURERS FORECAST CY 1974 PIG IRON PRODUCTION WILL TOTAL 95-96 MILLION MT (105-106 MILLION ST). ESTIMATED CY 1973 PRODUCTION OF PIG IRON IS 92 MILLION MT (101 MILLION ST).

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7. RE PARAGRAPH 1(B) REFTEL, EMBASSY CONTACT IN RAW MATERIAL DEPARTMENT, JISI, PREDICTED CY 1974 SCRAP IMPORT REQUIREMENTS FOR BOTH STEEL PRODUCTION AND FOUNDRY USE AT A LITTLE OVER 5.5 MILLION SHORT TONS (5 MILLION MT). SSCC DEPUTY DIRECTOR GENERAL PREDICTED NON-U.S. SOURCES WOULD SUPPLY 700-800 THOUSAND MT'S

(771-882 THOUSAND ST'S) OF THIS REQUIREMENT WITH U.S. SUPPLYING NEARLY THE SAME AMOUNT AS IN CY 1973. QUARTERLY SCRAP IMPORTS FROM U.S. EXPECTED TO BE 1.1 - 1.2 MILLION ST (ONE MILLION -1.1 MILLION MT), TOTALLING 4.7 MILLION ST (4.3 MILLION MT) FOR CY 1974. STEEL MANUFACTURERS AND TRADING COMPANIES EXPECTED TO SPREAD OUT SCRAP PURCHASES THROUGH CY 1974 AND TO ADJUST CRUDE STEEL PRODUCTION TO RESTRICTED SCRAP SUPPLY.

8. RE PARA 1(C) REFTTEL, JAPANESE TRADING COMPANIES USUALLY ORDER U.S. SCRAP 3-6 MONTHS AHEAD OF ACTUAL SHIPMENT AND INDICATE A TWO MONTH PERIOD (I.E. "MARCH/APRIL") IN TIMING SHIPMENTS OF INDIVIDUAL CARGOES OF SCRAP. BUT PATTERN VARIES ACCORDING TO MARKET CONDITIONS.

9. RE PARA 1(D) REFTTEL, GOJ HAS NOT PLACED ANY CONTROLS ON EXPORTS OF FERROUS SCRAP.

10. RE PARAGRAPH 2 REFTTEL, GOJ AND STEEL INDUSTRY SOURCES RELUCTANT TO PROVIDE ESTIMATES BECAUSE THEIR OWN PLANS AND FORECASTS DEPEND IN PART UPON USG POLICY RE CY 1974 SCRAP EXPORTS.

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